

SECRET

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SUBJECT Investigation of Irregularities Practiced by Personnel of Soviet Military Cooperative NO. OF PAGES 1
PLACE 25X1A NO. OF ENCLS. (LISTED BELOW)
ACQUIRED [REDACTED] 25X1A
DATE OF INFO. [REDACTED] SUPPLEMENT TO REPORT NO. [REDACTED]
25X1X

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SOURCE

1. In the middle of March 1949, a three-man commission arrived in Vienna from Moscow to investigate irregularities practiced by personnel of the procurement section of the Soviet Military Cooperative. One officer (a lieutenant or captain) was arrested shortly after the group arrived. Five Bulgarians associated with the Bulgarian portion of the warehouse* were interrogated at length regarding the procurement, transportation, storage, and sale of Bulgarian produce to the Cooperative. Now only Soviet General Gerasov can sign permits to unload goods shipped to Vienna in care of the APO; formerly the signing was done by a major. The change was ordered by the commission.
2. Since the commission arrived, the Soviets have not permitted goods to leave the warehouse. As a result, five million schillings worth of Yugoslav food-stuff, about twenty million Bulgarian cigarettes, plus other Bulgarian commodities have been "frozen" at the building.
3. The source interprets these changes as the initial moves in a Soviet effort to curtail use of the army shipping address for all supplies not destined for the Cooperative. It has been the practice of the Yugoslavs, Bulgarians, and other nationals to ship overages in commodities contracted for by the Cooperatives. The shipper was permitted to dispose of the surplus on the black market. Shippers frequently sold to the Cooperative at bargain prices and without profit, because they were able to amass profits via black market sales of overages shipped to Vienna in care of the APO, Soviet Army. It is this practice that the Commission is investigating.

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Comment: The warehouse is located at Katherinengasse 1, Vienna X.

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